

# Canada

Canada House  
Lecture Series  
Number 16

**Inuit Co-operatives and  
Change in the Canadian North**

**by John Stager, BA, PhD**

ACADEMIC  
ACADEMIC  
ACADEMIC  
ACADEMIC  
ACADEMIC

POLAR  
PAM  
773

POLAR PAM



## Preface

Professor John Stager presented this paper in the form of an illustrated lecture in the Cinema of Canada House to an invited audience on 11 March 1982, during a period of sabbatical leave based at the Scott Polar Research Institute at the University of Cambridge.

Dr John Stager is Professor of Geography at the University of British Columbia and Associate Dean of the Faculty of Arts. He has spent considerable amounts of time in the Arctic regions of Canada in recent years carrying out research into the development of Arctic communities.

This paper represents the opinions of the author and does not necessarily reflect the views of the Government of Canada.

Michael J. Hellyer  
Academic Relations Officer  
Canadian High Commission  
Canada House  
Trafalgar Square  
London SW1Y 5BJ

Rec'd: APR 19 1985  
Order No.: WF  
Price:  
Acc. No.: John Stager

BOREAL INSTITUTE  
LIBRARY

059946





# **Inuit Co-operatives and Change in the Canadian North**

JOHN STAGER, BA, PhD

It is my purpose in presenting an illustrated lecture to convey a current image of life in Inuit settlements, but also to tell you about the first native organizations — the co-operatives. Native society has made some major adjustments in the last decade and a half, and the socio-political tempo is coming to a climax particularly in the matter of settlement of land claims. We should consider the social and economic conditions that now exist in native settlements, and include the place of the co-operatives before any attempt to see into the future.

## **Settlement Life**

The Inuit today are settlement dwellers. The sites of settlements generally relate to locations chosen in the early twentieth century for the fur trade. Many places, and most of them are coastal, were natural gathering places for people and the traders who came to do business. In response to a depressed cash economy among northern people, the Federal Government began a programme to improve the quality of life and prepare people for 'modern living'. Schools for primary education were introduced in the 1950s, and it caused people to give up their camp-to-camp movements to settle near the schools to be with their children. Gradually other facilities and services provided by government came to be located in settlements. It was, however, the introduction of major housing schemes in the mid-1960s that gave real permanence to northern settlements.

There are forty-three Inuit settlements in the Northwest Territories and Northern Quebec; their sizes are as follows:

< 100 people — 3 settlements	600-700 people — 2 settlements
100-200 people — 6 settlements	700-800 people — 7 settlements
200-300 people — 6 settlements	800-900 people — 1 settlement
300-400 people — 6 settlements	900-1000 people — 3 settlements
400-500 people — 4 settlements	> 1000 people — 3 settlements
500-600 people — 2 settlements	

In each settlement there are basic services — roads, water, waste removal, heat and fuel, electricity, communication links including airports, satellite television and telephone dishes, and radio installations. Government provides these services and pays for the employment associated with the operation and maintenance. In addition there are social services, including schools, nursing stations, various agencies of government related to social welfare and manpower improvement. The government have throughout the build-up of community infra-structure encouraged the participation of local people so that they would have some influence over the policies and practices affecting settlement life. There are many advisory committees some of which have operating functions — for example, committees on education, housing, recreation, social development, wildlife management, and others have been started by government. A form of self-governance exists where communities have 'Hamlet' status or some other more complex form of municipal organization. It is not necessary to understand all the subtleties of government-inspired involvement of local people to observe that there is such a high degree of socio-political organization, in what are really small communities, that the adults are very busy going from meeting to meeting. In many ways, the north is over-organized, and the capable, politically astute, leadership people are much over committed.

The demands upon native leadership are not only caused by he expanded committee work, but by the fact that there are only a few eligible people. It is always sobering to look at the demographics of native societies in Canada; it is an extremely youthful society. For example, 54 per cent of Inuit are under twenty years of age, and most of them are still in school. The leadership of Inuit society is mainly drawn from people twenty-five to sixty years old. Thus the leadership cohort is about 30 per cent of the population; of this part, less than one-third are between twenty-five and thirty years old and might have completed school as far as grade 12. A second third of the leadership pool is between thirty and forty years and could have had some schooling, but the remaining third from forty to sixty years are basically without formal education. Education, of course, does not produce intelligence or

wisdom, but through functional literacy it permits people to gain knowledge beyond what can be learned through direct experience. Thus those capable of assuming executive leadership and are aware of outside influences upon the north, are rarely more than 10 per cent of the population in any one settlement; those who care to enter local politics are even fewer.

Young people growing up in modern settlements are faced with different activities and priorities than their parents. This is important because the majority of the population is young. School is the major focus for a large part of the year, and the skills learned are valuable for entering the wage economy but bear little relation to life on the land. Moreover, 'urban' living permits more freedom of individual behaviour away from parental supervision. Also, the invading material world and its advertising has made instruments for amusement and self-gratification easily available for cash. The younger generation, therefore, has a value system increasingly like the youth of other Canadian towns or cities, and the social problems of the south are not absent from the north. What may be different in the north is the heavy presence of government with an apparently unlimited supply of money at its disposal; this has contributed to an unreal perception of the value of money. It carries over into the domestic economy with personal spending priorities conditioned as much or more by desire as they are by need. There is, therefore, a great interest in having money, and the size of a salary or wage is more attractive than the nature of any job, its challenge or its interest. The completeness of government social support systems has contributed further to insulating people from the hard facts of economic reality which they would face if all their expenses were to be paid entirely from their own earnings. We are witnessing the change in the value system which is replacing self-reliance and personal industry with notions of entitlement, easy money and unreal expectations.

### **The Co-operatives**

The co-operative concept was introduced into the north to stimulate self-employment for a cash return at a time when fur prices were depressed and other opportunities to earn wages scarcely existed. A fishing/lumbering co-operative began at George River in 1959; in five years the idea was taken up by seventeen co-operatives, and after ten years there were thirty. Co-operatives, based as they are upon open membership, democratic governance and dividends based upon patronage, are associations that allow people to help themselves by working



32/4

together. Inuit society was traditionally based upon small group living, in which individual activity and behaviour was strongly conditioned by group welfare, and the formal co-operative structure was adopted very quickly. Early successes were reported at the first Co-operative Conference in 1963 at Frobisher Bay where the first signs of co-operation among co-operatives emerged. It took the form of a defined need for central marketing of Inuit art and crafts. A second Conference at Povungnituk 1966 raised the theme of Federation. The growth within individual co-operatives increased the need for central services, information and professional advice. The proposed joint effort to market crafts was pre-empted when Canadian Arctic Producers Limited was established in 1965 without accord from all the parties that claimed interest. Indeed, by 1966 the native co-operative movement had entered a political phase in charting the future, not because there were conflicting or particularly divergent views among the Inuit themselves, but because the 'outside' advisors/supporters/promoters found it difficult to agree. Thus in 1967, the five co-operatives in Northern Quebec elected to form their own federation, the Federation of Co-operatives of New Quebec — FCNQ — and within a year, it added four newly incorporated co-operatives; the awakening interest of the Government of Quebec in its north encouraged the Federation.

In the Northwest Territories, where the Federal presence was unchallenged, the preoccupation was with the transfer of government functions to the government of the NWT, so that enabling legislation — late in being passed — only permitted the establishment of the Canadian Arctic Co-operative Federation Limited — CACFL — in 1972. By 1976 there were ten member/owners of FCNQ, and forty-one member/owners of CACFL; in 1982, FCNQ, had twelve members and CACFL had thirty-three members. The growth of co-operative gross business and the payout remaining in communities is given below in approximate figures:

	<i>Gross Volume</i> \$	<i>Community Payout</i> \$
1963	750,000	135,000
1966	2,000,000	—
1972	8,000,000	2,500,000
1980	27,000,000	9,100,000

The growth in business is a mirror of the multiplication of functions which co-operatives have initiated for commercial gain and service to the people. Now, nearly all co-operatives operate retail stores carrying food,



clothing, hardware, appliances, and will order almost anything; the stores also perform the banking functions. Most co-ops buy carvings, crafts, furs on occasion, and some buy country-food (fish and muktuk) for resale to local people. Many co-ops have contracts to distribute fuel, carry freight, operate taxis, deliver water, act as airline agent, etc. A few have tourist camps, restaurants and recreation facilities. Listed below are the main business activities of forty-three co-operatives in the north.

<i>Activity</i>	<i>Number of Co-operatives</i>
Retail stores	40
Carving purchases	33
Service contracts	26
Craft/sewing purchase	26
Hotel Operation	11
Fur Purchasing	9
Print/Art Production	7
Coffee shop/Pool room	6
Tourist camp/cabins	6
Commercial Fishery	1
Bakery	1

The retail store is regarded as the heart of the co-operative activity, and most people think of the store as the co-op and not the association which runs it. In twenty-nine settlements, the co-op competes with the Hudson's Bay Company. In most places, The Bay has the greater part of the business — about 60 per cent except where recent modern co-op stores have been built. In general people shop at the co-op for food and other expendables, but go to the Bay for clothing and appliances because the selection is better. There is price competition but co-op prices tend to be higher. Part of the reason lies in the cost of supporting the federations and paying for services like education and other human support features that are not strictly business costs. The variation in management efficiency is reflected in prices, and operating costs — heat, light, local transport, warehouse — are usually expensive because most co-op buildings are either old or not well maintained. In eleven communities, the co-op is the only retail outlet, and therefore obviously important. In summary, it could be said that there is considerable dependence upon the retail store for day-to-day living, including food. With advertising, and especially TV advertising, there is strong consumerism currently part of the northern scene.

Right from the beginning the co-operatives have had a leading role in the arts and crafts industry. Eskimo soapstone and ivory carving was a new means of generating wealth in the north just after World War II.

Carving sales to the co-ops added welcome cash to family budgets. Instead of carvings reaching the public only through Canadian Arctic Producers (CAP) and FCNQ, they are now handled by the HB Co and other private dealers who go to the north to purchase stock; the fact of open purchasing has added new complications to pricing practices, a system which was already difficult to manage. Furthermore, CACFL opened *Northern Images* stores in the NWT and recently outside in Edmonton, retailing as well as wholesaling to dealers. The art and craft industry is estimated to be about \$9 million annually, and in spite of some forecasts of buyer resistance, sales by FCNQ increased by 30 per cent, and CAP by 17 per cent last year. In the communities at the production end, the quantity made is influenced strongly by the ease with which other opportunities to earn cash can be obtained. There is always pressure to pay good prices to carvers, and when co-op purchasing agents are over-sympathetic to the need for cash, or remain unaware of the southern selling prices, they can pay out as much or more than can be recovered. The need for profit in the system is pushing prices up, and there is a growing inventory of unsold carvings. FCNQ is now obliged to buy in one year what requires eighteen months to sell, and CAP hold inventory for which they paid \$1.6 million; inventories are expensive to finance. There are difficulties in controlling the quality of the work, especially when some carve mainly for cash, and the buyers have not developed a 'market eye'. Recently educational programmes have helped the producers understand the need for quality and market tastes.

The production of Eskimo prints is very much concerned with quality and is properly designated as *Art*. Print shops are assisted by resident art directors or advisers who have training and experience. All prints require the approval of the Canadian Eskimo Art Council before they can go on the market, and over a period of years, Cape Dorset, Baker Lake, Povungnituk have been joined by Holman, Pangnirtung, Sugluk and others renowned for their products. Prints, plus wall hangings and other decorative sewing have established firmly the *Art* of the Eskimo as both distinctive and valued; it is also a significant economic component of northern life, due mainly to the development work of the co-operatives.

Additional economic benefit to communities is provided by the employment generated in the co-ops. In the NWT, about 350 full-time employees worked for co-ops, and in 1980 they earned \$3.5 million—\$10,000 average. Roughly 1/5 of all families in co-op settlements benefit directly from the wages, and there are a number of others employed

casually or seasonally to help with fishing, sea-lift or other part-time work. Outside of governments, the co-operatives altogether are the largest employers in the north, and unlike government, in excess of 90 per cent of the employees are native people. The lasting effect of working at the co-operative is not caused by the wages, but by the experience of working within an imposed framework, and the discipline it teaches has touched many people. It is estimated that in the last twenty years between 1500 and 2000 people have worked 'at the co-op' in the NWT, and possibly 700 have done so in Quebec. Many young, and not-so-young people who hold important salaried jobs or are in some leadership role, have had their early working experience with the co-operatives. There can be little doubt that co-ops have played, and still continue to play, an important role in the development of human resources in Canada's north.

Despite twenty years of experience, growth and expansion of functions, the co-operatives are still with some imperfections. Management, for example, is the heart of economical success — or failure, and the ups and downs of co-op history are mainly a reflection of management effectiveness. In Quebec, native management has always been the mode; managers drawn from the community depend heavily upon FCNQ to provide co-ordinated purchasing, book-keeping, audit and many other procedural mechanisms; the manager is like a branch manager of a larger network. Gradually the managers have learned this role with the aid of constant supervision and training from Montreal. Nevertheless, with some notable exceptions, the management skills and performance remain the weakest part of the system. Native managers do not have adequate formal education; several are poorly aware of the implications of a federated business enterprise — they have difficulty in making decisions (e.g. credit extension, carving and craft prices, recruiting employees and deploying them) which have major local consequences, and are often accompanied by heavy interpersonal pressures. In the NWT, white managers from the south were used to import the business talent which was not present. There have been some good and long-term white co-op managers, but more often outside hiring has produced high turn-over, variable management skills and corresponding uneven business success. Besides, it did not encourage local natives to aspire to management, and role models for successful natives in managerial careers did not emerge. During the last few years, a concerted effort to move to native management is in place as a \$2.5 million educational programme has been implemented. With course



manual support, seminars, teaching and supervision by incumbent managers, native management trainees are following a competency-based comprehensive course. The result is that within a few months there will be ten native general managers, and eight more departmental managers in the NWT. The objective is to have all management positions occupied by northerners. This same educational programme is providing a similar course for the direction of the co-operative boards. It emphasizes member ownership and control of the co-ops, and the responsibilities of directors as representatives of membership. As important, however, is the concentration upon understanding business practices and statements, policy formation and meeting procedures. The Board education has just begun and it may prove to be the most significant training advance. Its success will make major improvements in strengthening the role of member/ owners in directing their own co-operatives, and increase the general community awareness of business and its ways.

The glue that holds the co-operatives together as organizations rather than independent community associations, consists of the two Federations. In both Quebec and NWT the Federations provide a range of services, important among which is the purchasing and transport division that assists in bulk buying, warehouse assembly and sorting, and sea-lift or air-lift management. They also have central accounting, audit services, educational departments, and receive and market carvings and crafts. (NWT art and crafts are handled through CAP, but the Federation operates *Northern Images*.) FCNQ with ten Inuit co-op member/owners, is very well integrated with the co-ops heavily dependent upon Federation services, and the Federation budget very closely tied to the financial health of the co-operatives. The NWT federation, CACFL, has faced an uphill battle to win the support of its member co-ops. There are thirty-three members and many have strongly independent operating attitudes. This is reflected in a certain level of criticism of CACFL's services, and some co-ops act on their own to purchase goods or conduct their audits. In the past four years, however, the federation and the members are developing a sense of unity for common good. Thus we see today co-operatives in Canadian Inuit communities that were the first all-native associations when they began, and have in time come together as integrated native organizations that remain important for both economic and human development.

## The Future

In the political sense, the Canadian north is very much at a cross-roads; settlement of land claims, the role of native organizations, the future form of government, and the development of resources are all intimately intertwined. In Northern Quebec where the James Bay Agreement has provided a blueprint governance, native culture and economic self-determination, and resource development — events are not yet smoothly advancing. A dissident native group (mainly people who view their co-operatives in a broader role of total community government) does not accept part of the Agreement and is challenging it in court. A serious concern for the co-operatives and FCNQ in particular exists in the presence of the Makivik Corporation; Makivik is the native development corporation set up by the Agreement to be the steward of Inuit culture and the compensation funds — about \$90 million — for the Inuit of Northern Quebec. The co-operatives worry that massed capital might provide direct and powerful economic competition in native communities where, because of the small size, business opportunities are really restricted. The co-ops, with twenty years of hard work by people working together, might be eliminated with decisions made in the name of the same people who built the co-ops in the first place. There have been tentative moves for the co-ops and Makivik to chart the future together, but nothing has happened yet; it seems that it should. In NWT events have not proceeded as far as in Quebec. Inuit Taparistat of Canada, the Inuit organization, is still negotiating a claims settlement with the Federal government. They have formed the Inuit Development Corporation to receive and manage compensation funds in the interest of the native people; IDC is already in business with borrowed funds. CACFL and its members are nervous about repeating opposition between groups of the same people that has developed in Quebec. Development corporations, although technically broadly owned by all the people, are really directed by a small (powerful?) group, and to be successful, they have the profit motive at the top of the lists. The people at large do not understand IDC even though it is theirs; they do understand the co-operatives which they also own. Common sense suggests that no conflict need develop between the co-ops and IDC and that compensation funds from a settlement of claims should be used, at least in part, to support/strengthen the co-operatives. It would be a great boost to have debts paid and to have some of their facilities improved or replaced. It would be equally important to co-ordinate the economic development programmes of the development corporation and the

co-operatives. If the co-ops could be helped to take business initiatives at the community level, and IDC look for its sphere of activity in a regional/national/international business arena, then success in both organizations would combine to benefit the Inuit of NWT that own them both.

The Inuit co-operatives of northern Canada have moved ahead over twenty years, partly through the vision and leadership of some dedicated people, but mainly as a result of the understanding, support and hard work by the people who own them. The co-ops and the federations have spent most of their energy in tending to their own business, and have been reluctant to recognize the importance of political activity in support of their enterprise.

To some extent, the familiarity with the co-ops has robbed them of their glamour, and so it is now important for the federations to lead a programme of re-awakening the interest of the members in co-operatives so that native-owned, controlled and managed businesses can still flourish in northern settlements.



# Date Due

APR 2 '87	RETURN FEB 05 '98	
APR 16 '87		
MAR 27 '87		

59946

Pam:334: (\*41N)  
STA

STAGER, John

Inuit co-operatives and change  
in the Canadian north

DATE LOANED	BORROWER'S NAME	DATE DUE
	<i>R. Staples</i>	APR 2 '87
***	RENEWAL	APR 16 '87
	<i>A. Knight</i>	MAR 27 '88

59946

Pam:334: (\*41N)  
STA

STAGER, John

Inuit co-operatives and change  
in the Canadian north

BO  
CW  
THE  
EDM  
CANADA

LIBRARY

Boreal Institute for Northern  
Studies Library

CW 401 Bio Sci Bldg  
The University of Alberta  
Edmonton, AB Canada T6G 2E9

University of Alberta Library



0 1620 0328 4922